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SUSPENSE DATE:

Remarks:

Executive Secretary

78-6181

THE WHITE HOUSE  
WASHINGTON

WH

OLC #78-3025

August 21, 1978

MEMORANDUM FOR MEMBERS OF THE CABINET

FROM: JERRY RAFSHOON JR

Enclosed are talking points and Q&A's about President Carter's veto of the Defense Authorization bill. During the next two weeks we need all the help and cooperation of the entire Cabinet and White House staff in making speeches, TV and radio appearances, and in contacting your list of favorite columnists and news media contacts.

I know you will make this top priority of the President's one of your own.

Thanks for your effort.

TALKING POINTS -- DEFENSE AUTHORIZATION VETO

The Administration's message on the defense authorization veto must be simple and consistent. In the time we have to sell this veto we must repeat as often and as forcefully as possible a simple argument that makes sense and can be easily remembered.

The single principle that underlies the following themes is this: The American people cannot be expected and will not attempt to make difficult and sophisticated judgements about complicated defense matters. Given a President and a Congress asking for the same amount of money for different items and both claiming that the national defense is at stake, they will have to choose. Are they going to side with the Congress or the Commander-in-Chief?

The simple themes which should be used to support the Commander-in-Chief's decision are these:

1. The President is Commander-in-Chief of the Armed Forces. His greatest responsibility is to insure the adequate defense of this nation. He cannot and will not abdicate that responsibility to anyone.
2. The bill passed by the Congress would seriously weaken our national security. It would weaken the Army and the Air Force by depriving them of the weapons and equipment that the President has asked for. It would weaken our fighting capability by denying the readiness funds the President requested. It would weaken our research and development efforts which are necessary if we are to keep up with Soviet advances. It would weaken our commitment to NATO.
3. The bill is wasteful. It cuts muscle to buy fat. It substitutes a \$2 billion carrier for the less glamorous but far more important needs of the Armed Forces.

The President has vetoed the Defense Authorization Bill because of his concern about the negative impact this bill would have on the total Defense budget and on our national defense priorities.

The bill, as approved by Congress, would revise detrimentally our national defense priorities. It would provide unneeded and costly weapons systems (primarily a nuclear powered aircraft carrier at an initial cost of \$2 billion); and offsetting these with reductions which would lower our ground and air force capabilities oriented toward Europe and harm the readiness of our forces. Further, the bill adversely impacts our future technology efforts by sharp reductions in research and development. While the President continues to support a defense budget of \$126 billion, he objects to the Congress' specific reductions:

1. Operations. Our initial budget request included a 3% (\$1.0 billion) real increase in operations and maintenance funding, which is being reduced over \$500 million. These cuts would adversely affect our readiness and fighting capabilities, and should be restored. Examples are:

\$57 million for reenlistment bonuses, a key to retaining skilled people. Without such people, additional weapons systems can do us no good.

\$155 million in an arbitrary reduction in supply and stock fund activities. These provide for items consumed in daily operations, without which it would be impossible to conduct any defense operations.

\$15 million to terminate a strategic early warning system, which provides important information as to the size and intended targets of a Soviet strategic missile attack.

\$37 million in airlift transportation.

\$48 million in arbitrary reduction in data processing.

2. Research and Development. Our initial budget request of \$12.5 billion included 3% real growth (\$.4 billion). The Congress deleted over \$600 million in Administration programs and added back \$400 million in items which are not required or are of extremely low priority. The effect would be a net reduction in the real level of R&D, thus hurting our longer term defense capabilities. Some of the more significant reductions which should be restored include:

Defense technology base (-\$28 million) which eliminates much of the real growth in this vital area.

Assault Breaker (-\$10 million) which will be required for Army/Air Force interdiction of key NATO targets.

Ground Sensors and mines (-\$13 million). These new systems being developed are needed in order to overcome operational deficiencies.

ELF Communications (-\$40 million). The Congress would delete all funds for this Navy strategic communications program.

VSTOL Aircraft Development (-\$32 million). The Congress would terminate this long-range program.

Cruise Missile Carrier (-\$20 million). The Congress would drastically slow down the development of this program required to enhance our long-term strategic capabilities.

### 3. Procurement.

- . Army procurement is reduced by \$800 million, with a resulting serious impact on NATO capabilities, especially those for NATO. Some of the major items of reduction include

- Chinook helicopters -\$78 million
  - Ammunition -\$353 million
  - Improved Artillery Munition (Copperhead) -\$18 million
  - Electronic time fuze for Scatterable Mines -\$32 million
  - Communications and electronics equipment -\$69 million

- . Air Force procurement is reduced by \$200 million, also resulting in serious NATO impact. Some of the major reductions include:

- Civil Reserve Air Fleet -\$68 million
  - Electronic Countermeasures -\$62 million
  - New Glide bomb -\$37 million

Background

Two points should be noted for background. In our effort to keep the message clear and simple, these are not to be stressed initially, but it may be necessary to respond to questions relating to them.

1. Add-ons to the President's authorization request beyond the carrier include over \$600 million worth of additional aircraft, about \$400 million for a nuclear powered cruiser, continued development of an unneeded Advanced Medium STOL Transport aircraft, etc. We are opposed to all of these because they are of lower priority than items deleted from the President's request.

For purposes of our public stance, however, we do not want at this time to complicate the issue by placing too much emphasis on this longer list of objectionable items. In our presentations, we should stress the need to remove the carrier, and if asked, should note that these other add-ons are of low priority and less desirable than those deleted items we want reinstated.

2. Of our \$126 billion Defense total, less than half is covered by this authorization bill, as shown below.

	(\$ billions)	
	<u>Admin Req.</u>	<u>Cong. Action</u>
Concurrent Resolution	126.0	125.0*
Defense Authorization	35.5	37.0
Other	90.5	88.0

\*Both the House and Senate Budget Committees have come out at \$125B.

Thus, as the authorization total is increased by Congress, less remains available (within the Congressionally established concurrent resolution total) for such vital areas as operations and maintenance and military pay, which are not included within the authorization total. In order to stay within the prescribed defense totals and constrained by the authorization bill add-ons, the Congress has deleted significant amounts from the non-authorized portion of defense appropriations -- primarily associated with near-term capabilities and readiness. We are also opposed to these reductions, some of which are detailed above under "operations."

The following list of add-ons to the President's budget is derived from Congressional action thus far in the appropriation review and is not limited to authorization items.

Congressional Add-ons to the Defense Budget

<u>ADD-ONS</u>	<u>COMMENT</u>
<u>Procurement</u>	
Nuclear Aircraft Carrier (+\$2 billion)	This ship is not needed at this time. Greater capability can be provided at lower cost with smaller, conventionally powered aircraft carriers which could be funded in later years.
Additional Aircraft (+\$745 million)	None of these is needed to meet known current requirements.
Procurement of Infantry Fighting Vehicle (IFV/CFV) for the Army (+\$39 million)	Individual vehicle costs are excessive. The President explicitly disapproved this item
<u>Operations</u>	
Currency revaluation revolving fund (+\$500 million)	Not needed. This can be provided by reprogramming if the need should arise.
<u>R&amp;D</u>	
Surface Effects Ship continued Development (+\$93 million)	Very expensive and unnecessary continued development of a system we do not plan to buy.
Advanced Medium STOL Transport Aircraft (AMST) (+\$14 million)	Aircraft not requested or needed Foot in the door for a \$10 billion program.
AV8B Advanced Harrier (+\$87 million)	Accelerates development of this limited value system.

Defense Veto Q and A

Q: Aren't you afraid that this veto will be seen by our friends and allies abroad as another step away from a strong defense?

A: No, my veto is based on the need to strengthen our readiness and bolster those defense areas that need immediate attention. Instead of a \$2 billion nuclear carrier I will request that Congress substitute \$1 billion for Army and Air Force equipment-like helicopters and transport aircraft; \$500 million for improving readiness in all Services; and \$500 million for vital research and development efforts. Our allies will quickly perceive that the pay-off in increased combat force capability and readiness represents a real increase in our defense capability.

I continue to support a \$126 billion defense spending level, which is higher than the level Congress voted in its recent budget resolution.

Q: Is this veto action part of your response to proposition 13?

A: No, it isn't. I am asking for the same amount, \$126 billion, that I requested in January 1978. I'm concerned that scarce dollars would be spent unwisely if I had approved the Bill Congress sent me. I believe the American people want us to spend our national defense resources most effectively.



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Q: Your defense proposals last year were widely advertised as the "NATO Budget" because of spending increases related to NATO, and you are now vetoing the defense bill because some of these increases have been cut. Why should the US make these increases when the Europeans are cutting their spending?

A: -- First, the Europeans are not cutting their spending. Since about 1970, our Europeans Allies have increased their spending by about 2-3 percent per year in real terms. During most of the same period our own spending declined in real terms.

-- Most of the NATO allies agreed to increase their defense spending by 3 percent in real terms.

-- More important than spending is the NATO Long-Term Defense Program, which was agreed at the NATO Summit here in May. This is the first time we have evolved a long range plan for strengthening NATO's defenses. We should sustain our share of this commitment.

-- Finally, we join in the defense of Western Europe because it is in our own national interest to prevent that area from falling under Soviet domination. We increase our capabilities in Europe because it is in our interest. When our Allies increase their military capabilities it is good for both our defense and theirs.

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Q: You make the point that your action is taken to avoid weakening our defenses. Won't the cut-back of the Navy's nuclear carrier reduce our ability to respond to crises other than in NATO?

A: No. I am attempting to improve our readiness to respond quickly to crises anywhere in the world. The Congressional actions, particularly support for a nuclear carrier, would reduce our readiness.

Q: Why did you veto the Defense Appropriations Bill when most of the cuts you mention are not in this bill?

A: The authorization bill is closely coupled to the appropriations process. To prevent funds from being taken from key areas like ground and tactical air capability and readiness and being applied to the nuclear carrier in the appropriations process, we need to ensure that the carrier is not authorized. This will free-up the necessary funds to add back the items that I mentioned in the veto message.

Q: What will you do if Congress fails to meet your \$126 B budget?

A: I know we can afford this level of funding and that it will be adequate if it is properly spent. If Congress does not provide for adequate spending in the vital areas I have mentioned, I would consider a supplemental appropriation.

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Q: Isn't this veto really an attempt to further cut our strength?

A: The Navy received by far the largest share of the defense budget -- 38 percent in my budget request, compared to 33 percent for the Air Force and 29 percent for the Army. (Note: This calculation distributes Defense Agency and Defense-wide costs among the three Services.)

I support a strong Navy. But I believe that continued heavy expenditures on grossly expensive naval ships will lead to an inevitable decline in the size and strength of our Navy. This trend must be halted.

I am prepared to request a conventionally powered aircraft carrier as part of the FY 80 budget. This ship is vastly preferable to the nuclear-powered carrier, because over the long haul we can buy 3 conventional carriers for the cost of 2 nuclear carriers.

Q: There has been strong support for the nuclear carrier in the Congress. What will you do if Congress sustains your veto, but returns an authorization bill containing the same nuclear carrier?

A: I don't think this will happen. The nuclear carrier isn't needed and there are better places to spend our tax money.

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Q: Can you really save \$1 billion by substituting a new type of ship, the CVV, for a CVN? Won't there be the inevitable cost overruns on this, too?

A: Yes, I think we can save on the CVV. Through the use of common design and parts from the Forrestal-class carriers and digesting the lessons we've learned over the years on cost overruns, I believe that the CVV can be bought for at least \$1 billion under whatever the final cost of another nuclear carrier would have been.

I would expect that the nuclear carrier would ultimately cost considerably more than the roughly \$2 billion that the Congress has authorized for it.

Q: Are we going to see vetos on other bills? Is this a taste of what is to come?

A: When bills are clearly wasteful and not in the national interest, I will veto them.

Q: Aren't you concerned that this veto will cost you politically because you will be seen as cutting defense?

A: There are always some who will misinterpret my action for thier own purposes. But the fact is that I continue to support a defense spending level of \$126 billion. I do not advocate a reduction, but I want the money well spent. We need immediate readiness not long term extravagance.

My record on defense policy reflects this goal. For example, I have:

-- Initiated and gained Allied agreement to a NATO Long-Term Defense Program and to 3 percent real growth in NATO defense spending.

-- Accelerated the cruise missile program to bring this advanced and cost-effective technology into our strategic forces at the earliest possible date.

-- Sent additional forces to Europe to strengthen our initial ground and air combat capability and improve our nreadiness.

-- Moved to increase dramatically our ability to reinforce Europe through the prepositioned program. I have also sought additional funds to improve our worldwide strategic mobility.

-- Initiated an extensive procurement program to modernize and revitalize our Army, which is still suffering the after-effects of the Vietnam war. The Congress has virtually eliminated the additional funds that I sought for this purpose

Q: What is the basis for your defense priorities, which you state Congress has reversed?

A: Last year, I asked the National Security Council to assess our capabilities in a number of potential conflict situations.

It was clear from this study that our most serious defense deficiencies lay in our ability to carry out our defense missions in Europe, especially Central Europe where the Soviets have large and growing military capabilities. These deficiencies would be most critical in the early days of a conflict.

Accordingly, I directed a number of improvements in our ground and tactical air force capabilities. These improvements are vital to the nation's defense.

Q: Do the NATO Allies support your veto?

A: I expect the Allies will share my views on defense priorities, especially since many of the programs that were cut directly impact on their security as well as ours. I would be very concerned if our NATO allies made similar cuts in their capability.

TO THE HOUSE OF REPRESENTATIVES:

I am returning without my approval H.R. 10929, the "Department of Defense Appropriation Authorization Act, 1979." I am doing so because I cannot, consistently with my constitutional responsibilities, sign into law a bill that in my view would weaken our national security in certain critical areas and wastes scarce defense dollars. The Congress' inclusion in this bill of a number of lower priority programs would force out of our defense budget certain central elements of our program, items needed now to modernize and bolster our military forces.

I believe that the defense of the United States needs to be strengthened. An adequate defense is the single most important concern I have as President. Accordingly, I submitted to the Congress in January of this year a budget request for the Department of Defense which would if enacted provide the defense we need. It requested \$126.0 billion for the Department of Defense for Fiscal Year 1979. That amount was judged by me and by the Secretary of Defense to be adequate to provide for the military security of this country in Fiscal Year 1979, provided it was wisely spent.

The bill I am returning does not spend wisely. Instead, it actually would lead to less defense capability than I have requested. It does this by eliminating funds for high priority defense requirements and adding funds for purposes which do not meet our defense needs. Most notably, it would take nearly \$2 billion from the total and set it aside for purchase of a nuclear-powered aircraft carrier -- a ship which in the end would cost at least \$2.4 billion, plus additional billions for its aircraft and the additional ships needed to defend and escort it.

We need more immediate improvements in our defense forces. A new nuclear-powered aircraft carrier would not be commissioned until 1987.

To spend \$2 billion in defense dollars in that way would ignore much more serious and immediate defense needs. Other programs have been cut, during the appropriation process as well, to stay within Congressional budget limits. The effect would thus be to take away funds urgently needed by the Army, Navy, Air Force and Marine Corps for high priority programs -- and to use those funds to build the most expensive ship in history. The result would be to weaken our military security in several critical areas, particularly during the next two years, at a time when we should be strengthening it. Within the \$126.0 billion allocated for defense, we cannot have both an adequately balanced defense program and the luxury of an unneeded nuclear-powered aircraft carrier.

In pushing a nuclear-powered aircraft carrier into a \$126.0 billion defense budget, H.R. 10929 would result in reduction or elimination of these essential programs, and a consequent weakening of our defense posture:

- Weapons and equipment for the Army. I requested a \$1 billion increase to strengthen our ground forces, particularly our NATO-oriented forces, by providing more helicopters, combat vehicles and ammunition for our front-line forces. Adding the nuclear-powered aircraft carrier means eliminating \$800 million of that increase.
- Weapons and equipment for the Air Force. I requested more funds for airlift, electronic warfare equipment and electronically guided ordnance. Adding the nuclear-powered aircraft carrier means eliminating \$200 million of this increase.



-- Readiness funds. It makes no sense to have military forces if their equipment is not in condition to fight. I requested an increase of \$1 billion for items which are not glamorous, but which provide the immediate fighting capability of our forces -- funds (requiring appropriation but not prior authorization) for repairs of weapons, spare parts for vehicles and aircraft, ship overhauls, training of personnel, communications, and logistical support to move equipment to where it is needed. Adding the nuclear-powered aircraft carrier means eliminating half of that increase in fighting capability -- some \$500 million.

-- Research and development. To sustain our position of excellence in a world of weapons increasingly dependent on technology, I requested a 3% real growth in defense research and development. Adding the nuclear-powered aircraft carrier leads to an actual reduction in research and development. The bill also shifts some R&D funds from high priority programs to less important ones.

Our Navy has for a decade been moving in the direction of larger and larger, more-and-more-costly ships, and fewer of them. As a consequence our fleet today is smaller than at any time since 1940. We need a fleet that includes more vessels that can perform our Navy's mission but that are not, as this one would be, so designed as to be prohibitively expensive to build. The Navy does not need a fifth nuclear-powered aircraft carrier. It can maintain a twelve-carrier fleet and maintain the fighting capability it needs from a conventionally powered carrier, which I shall request in my budget for next year, at a saving of \$1 billion for that single ship. Without this kind of discipline and control of the cost of ships, our Navy will not long be able to carry out its missions.

For these reasons, I must withhold my approval from H.R. 10929. I adhere firmly to my request that the Congress provide \$126.0 billion for defense in Fiscal Year 1979. But I ask that the Congress delete the authorization for the nuclear-powered aircraft carrier, and use that essential \$2 billion of that \$126.0 billion instead for as many of our programs as possible from the following critical areas:

\$1 billion for Army and Air Force equipment -- For helicopters, transport aircraft, combat vehicles, electronic equipment, ammunition and ordnance and other weapons and equipment.

\$500 million for improving readiness in all the armed services -- For a wide variety of items, ranging from repair of weapons to spare parts stockage to improved training and logistical support.

Up to \$500 million for research and development -- For programs proposed in my FY 79 budget but deleted by one or another Congressional action.

Naval Ships -- It is crucial to maintain an appropriate overall annual level of ship construction. The Congress should return all of the general purpose ships requested in our budget.

These are the ways in which our defense dollars need to be spent. These are the ways in which they will add to our military security, by obtaining the greatest military capability for each dollar and by focusing the effort where more effort is needed.

In light of the continuing Soviet buildup, we must not reduce our own real defense capability, either by cutting the budget amount I have requested, or by substituting for high priority defense requirements programs which are less urgent or less effective.

PRESS CONFERENCE NO. 36

OF THE

PRESIDENT OF THE UNITED STATES

4:00 P.M. EDT  
AUGUST 17, 1978  
THURSDAY

Room 450  
Old Executive Office Building  
Washington, D. C.

THE PRESIDENT: I have one statement, and then I would like to answer your questions.

As President of the United States, my ultimate responsibility is to the protection of our Nation's security, and as Commander-in-Chief of our armed forces, it is my obligation to see that those forces are operationally ready, fully equipped, and prepared for any contingency. Because I take these responsibilities seriously, I submitted this spring a defense budget designed to improve our military preparedness and calling for increased spending in real terms above and beyond the cost of inflation, especially for enhanced readiness and for the urgent requirement of strengthening our Nato forces.

Because of these same obligations, and with the concurrence of the Secretary of Defense, I have decided to veto the defense authorization bill which the Congress passed last week.

This is not a question of money. The Congress has reduced only slightly the amount of money that I recommended for our Nation's defense. It is a question of how that money is going to be spent, whether it will be concentrated in the most vital areas of need, or diverted to less crucial projects.

We must have the strongest possible defense within the budget limits set by Congress. We cannot afford to waste our national defense dollars. We need better maintenance and logistical support, more research and development, a more flexible navy and we need these improvements now, not eight or ten years in the future.

The defense authorization bill does not meet any of these requirements.

MORE

There are four particularly disturbing areas in which this bill, by cutting into the muscle of our military request, could weaken our defenses and erode our contributions to NATO.

This bill, for instance, cuts \$800 million for weapons and equipment for our army forces undermining our commitment to NATO at the very time when our allies recognize the urgent need to improve the power and the readiness of our forces in Europe.

This bill would also cut \$200 million for Air Force weapons and equipment which would add flexibility and strength to our military forces not only in NATO, and this country, but throughout the world.

This bill would also cause a cut of half a billion dollars, \$500 million, from readiness funds. This is an unglamorous part, but it is necessary for expenditures for ship overhauls, weapon repairs, spare parts, personnel training, and the logistical support which guarantees that we can move our forces and have them act immediately when they are needed.

And this bill also cuts very heavily from military research and development funds. I had requested a substantial increase in these funds to sustain our position of technical excellence in a world where circumstances change rapidly and where weapons are increasingly dependent on advanced technology.

The bill that has passed the Congress could lead to an actual decrease in these funds for next year.

The ultimate effect of this bill would also weaken our Navy by aggravating the dangerous trend away from a larger number of different kinds of ships, which can maintain our military presence on the high seas, and toward a disturbingly small number of ships which are increasingly costly.

What the Congress has done with the money being cut from these vital areas is to authorize a fifth nuclear-powered aircraft carrier which we do not need.

This would be the most expensive ship ever built. The purchase price even estimated now would be at least \$2 billion and the aircraft it would carry and the extra ships required to escort and defend it would cost billions more in years to come.

In order to use our dollars for their maximum effect, we must choose the armor, artillery, aircraft, and support that will immediately bolster our strength, especially in NATO. By diverting funds away from more important defense needs in order to build a very expensive nuclear aircraft carrier, this bill would reduce our commitment to NATO, waste the resources available for defense and weaken our nation's military capabilities in the future.

I will be glad to cooperate with Congress in passing a more responsible bill and I urge the Members of Congress to face that duty as soon as they return from their recess. The nation's interest and my oath of office require me to veto this bill and to seek a stronger defense for our country.

Mr. Gerstenzang?

MORE

*I checked w/CR we have  
all that was provided to  
Agency 23 Aug 78*